

Cultivating “Natural” Cultural Districts

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Can the arts and culture play a central role in revitalizing American cities? Over the past decade, a number of cities have answered this question affirmatively. For the most part, they have turned to big-ticket downtown cultural districts as the strategy to expand their “creative economy.” At the same time, skeptics like Joel Kotkin have ridiculed this approach as the creation of “the ephemeral city” that ignores the fundamentals of good city-building for the illusion of urban vitality.

There is another way to use culture to rebuild cities, not by placing a shiny veneer over crumbling decay, but by using culture to revitalize the urban grass-roots, its neighborhoods, and their residents’ civic engagement. This report uses existing research on urban culture and community arts to make a case for culture-based revitalization.

Culture is the right tool for urban revival because it flourishes in the new urban reality of the 21st century. The arts are no longer just about going to the symphony, the ballet, or a Broadway musical. They are more active, more accessible, and more polyglot. Artists have become social entrepreneurs, selling their wares as well as their vision. They draw on the variety of the world’s traditions as well as the distinctive and diverse rhythms of the contemporary city.

While the arts *are* commerce, they revitalize cities not through their bottom-line but through their social role. The arts build ties that bind—neighbor-to-neighbor and community-to-community. It is these social networks that translate cultural vitality into economic dynamism.

Culture generates many types of social networks. When artists work with eight or nine different organizations during the year—as many do, they build networks. When a community arts center partners with a boys’ and girls’ club or an after-school program, it builds networks. When community residents are involved in arts programs as well as churches, civic associations, and book clubs, they build networks. When a community development organization reaches out simultaneously to downtown financial institutions and local residents, it builds a network.

In this report we focus on one particular kind of network—the geographically-defined networks created by the presence of a density of cultural assets in particular neighborhoods. We call these “natural” cultural districts, a term that is both descriptive and analytical. Descriptively, a “natural” cultural district simply identifies a neighborhood that has spawned a density of assets—organizations, businesses, participants, and artists—that sets it apart from other neighborhoods. Analytically, these districts are of interest because of density’s side-effects. Economic developers note that clusters encourage innovation and creativity—a spur to *cultural production*. At the same time, a cluster of cultural assets often pushes a neighborhood to a regeneration tipping-point, attracting new services and residents.

What is striking about this phenomenon is that it occurs without policy intent. Take Old City in downtown Philadelphia. Today it is a thriving district with galleries and showrooms, restaurants, theatres, historic sites, and a growing residential population. It is hard to believe that the seeds to this regeneration were planted three decades ago when a group of artists’ cooperatives were priced out of their previous locations on South Street. Today, the local business-improvement district caters to its needs, but Old City has grown with virtually no city or state or philanthropic aid.

Although residents of every urban neighborhood deserve access to and opportunities for cultural expression, natural cultural districts offer particularly attractive alternatives for broadening and deepening engagement in the arts. First, because these neighborhoods already are sustaining

Philadelphia's "Natural" Cultural Districts

Natural cultural districts come in all shapes and sizes. Some boast a variety of mainstream cultural venues; others are more edgy. Some evolve quickly; others take a while to come into focus. Some are based in well-off, stable neighborhoods; while others represent the regeneration of neighborhoods that have fallen on hard times.

Three existing districts in Philadelphia—Old City, Norris Square, and 40th Street—provide insight into the diversity of natural cultural districts and the role of artists, land, and institutions in creating, sustaining, and occasionally undermining them.

These arts districts were explored during the 2004 public conversation sponsored by SIAP and the University of Pennsylvania's Urban Studies program. A full account of the program is available at: www.sp2.upenn.edu/SIAP/DOChome.htm

Old City, Center City, Philadelphia

Old City, located in the northeast corner of Center City near the Delaware Riverfront, is the site of many of Philadelphia's historic resources associated with early settlement. Once a thriving industrial and wholesale district, Old City began to decline in the decades after World War II as industry moved out of the city center. Numerous industrial and commercial loft buildings were left vacant or underused. In the 1970s and early 1980s, artists and entrepreneurs attracted by cheap rents and large spaces began moving into the area.

By the 1980s, developers in Old City had begun to convert lofts into apartments for rent or sale and, in addition to studios and galleries, the area had attracted a mix of offices, wholesalers, shops, bars and restaurants. The 1990s saw even more growth and investment, with recent residential, retail, and restaurant development catering to affluent markets. As rents and property values rose, many pioneer artists and entrepreneurs were forced to move out of Old City. Unlike the SoHo story in New York, however, the option of buying and staying was open to modest organizations like the Painted Bride Art Center.

Norris Square, North Philadelphia

The roots of Norris Square Neighborhood Project (NSNP) date from 1973 when a fifth grade teacher, Natalie Kempner, started a mini nature museum in the basement of Miller School. Her students' efforts at greening over the next years were supported by a neighborhood coalition called S.O.S. (Save Our Square) and by Sister Carol Keck, principal of St. Boniface School who in 1988 became NSNP executive director.

Iris Brown and Tomasita Romero—long time Norris Square teachers and gardeners—were instrumental in connecting NSNP with the Philadelphia Green program of the Pennsylvania Horticultural Society and the City of Philadelphia's Mural Arts Program (then the Anti-Graffiti Network). Iris tells the story of how the women of Norris Square tapped their Puerto Rican culture and traditions to reclaim Norris Square Park for the community. Grupo Motivos—a group of motivated women—continue to develop a series of gardens that combine murals, horticulture, and cultural education that benefit the entire population of Norris Square.

40th Street, West Philadelphia

The 40th Street district in University City centers on 40th from Chestnut to Locust Streets. This corridor has long been home to a mix of retail and eating establishments that serve the University of Pennsylvania and adjacent neighborhoods of West Philadelphia. Recent cultural spaces—a new cinema, a renovated public library, artist-in-residence studios, and the Rotunda—have joined the mix and helped anchor an emerging arts district.

The Rotunda began in 1996 as a project of Penn student Andrew Zitcer. Originally the First Church of Christ Scientist, the edifice had sat vacant when Penn bought it. With the support of the university, Andrew and his collaborators started a group called The Foundation and opened the Rotunda to community arts initiatives and artists. The Foundation sees the Rotunda as a cultural meeting ground, a place where many different genres are represented—a 21st century community center. The Rotunda functions as an "inter-zone," a commons. Andrew sees himself as a "keshet," which in Hebrew means "connection," "liaison," or "one who makes connections."

vital cultural scenes, they present opportunities for time-limited, strategic interventions to expand their effectiveness. Second, because they typically have a significant share of commercial cultural firms, they provide possibilities for profitable investment. Finally, because they are already established, they have the ability to generate significant spillover effects on less dynamic sections of the city. In short, they offer the best balance of costs and potential benefits.

Natural cultural districts present a challenge to those interested in neighborhood revitalization. What can policy-makers do to encourage these clusters without snuffing out the spark that makes them distinctive? Because natural cultural districts are not planned from scratch but rely instead on the self-organized efforts of local players, they require tender-care and a light hand. Natural cultural districts must be *cultivated*. To do so successfully, we must first gain a better understanding of the ecology of these districts and how they fit into the contemporary urban arts scene.

A BROAD CONCEPTION OF CULTURE

Recent research confirms casual observation: we are engaging the arts in new ways and different settings. Where cultural participation used to be defined by attendance at formal events, it is now more active and less formal. The heightened sense of design has integrated art more intimately into everyday life—from kitchen appliances to websites. Americans have increasingly become “omnivores”; they enjoy classical music *and* reggae, ballet *and* break-dancing. They also seek more *active* ways of engaging culture. They enjoy exhibits, but they want to be engaged in the experience as well. Twenty years ago, poetry was a cerebral field that conjured images of solemn loners; today “spoken word” is a performance, and sometimes competitive, art form.

The new realities of cultural expression have challenged our notions about participation and institutions. An Urban Institute study suggests that if we ask about a wider range of activities, cultural participation rates would be 20 percent higher than those found in typical surveys. A study of two low-income neighborhoods in Philadelphia discovered that informal social settings—dance parties, nightclubs, and family gatherings—were the most common venues for creative engagement.

For decades, we have equated the arts and culture with nonprofit organizations. Indeed, much cultural policy over the past generation has assumed that the

health of the arts is the same as the health of these established groups. A spate of recent research has expanded our understanding of the institutional realities of the cultural world. Commercial culture is certainly a visible phenomenon, especially in fields like music and Broadway productions, but we are only beginning to understand how deeply commercial culture has penetrated America’s communities. A preliminary analysis of metropolitan Philadelphia turned up four times as many commercial cultural firms—ranging from music stores to arts and crafts galleries to dance schools—as nonprofit cultural providers.

Equally important, an “informal” arts sector—largely participatory and unincorporated—is now gaining prominence. The sector is so diverse that it may really be several sectors with one label. It includes street musicians, amateur choirs, theater groups, and emerging organizations. Studies in Chicago and Silicon Valley, in particular, have demonstrated the sector’s importance, especially to new immigrant communities that encounter institutional barriers to involvement with mainstream culture. The informal sector also highlights the importance of artists in creating venues, performances, and cultural opportunities. Indeed, artists have become *social entrepreneurs*, creating opportunities for their communities as they seek to earn a living.

Scholars and policy-makers are trying to make sense of this increasingly diverse and complicated arts world. Some have proposed that we see all of these players as part of a *creative sector* that crosses a variety of institutional boundaries. If we add the newly fuzzy barrier between cultural producers and consumers, it might make sense to think of the sector as an *ecosystem* in which different parts are self-organizing and interdependent.

SOCIAL DIVERSITY AND CULTURAL ENGAGEMENT FEED ONE ANOTHER

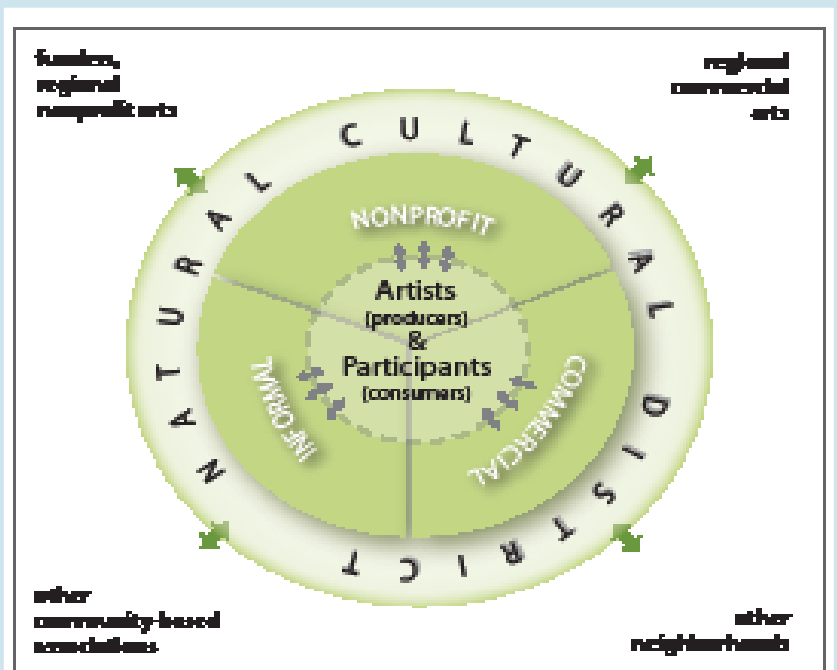
Diverse communities are the fertile soil in which the arts and culture flourish. Studies of cities across the country have demonstrated that communities with striking differences based on social class, ethnicity, and household structure are consistently more likely to have high cultural participation, house many cultural groups, and provide studios and shelter for artists.

Research in Philadelphia, San Francisco, Atlanta, and Chicago has documented the range and depth of the connection between social diversity and the arts.

Ethnically diverse neighborhoods (those in which no more than 80 percent of the residents are members of a single ethnic group) as well as economically and domestically diverse neighborhoods are more likely than homogenous areas to be associated with cultural engagement. *Pov-prof* communities (those with a higher than average rate of *poverty* and *professional* workers) and neighborhoods with what the Census Bureau calls “nonfamily households” (including unrelated roommates and gay and heterosexual couples) are associated with high levels of cultural resources and participation. What is more, it is communities with two or three types of diversity that have the highest density of cultural assets.

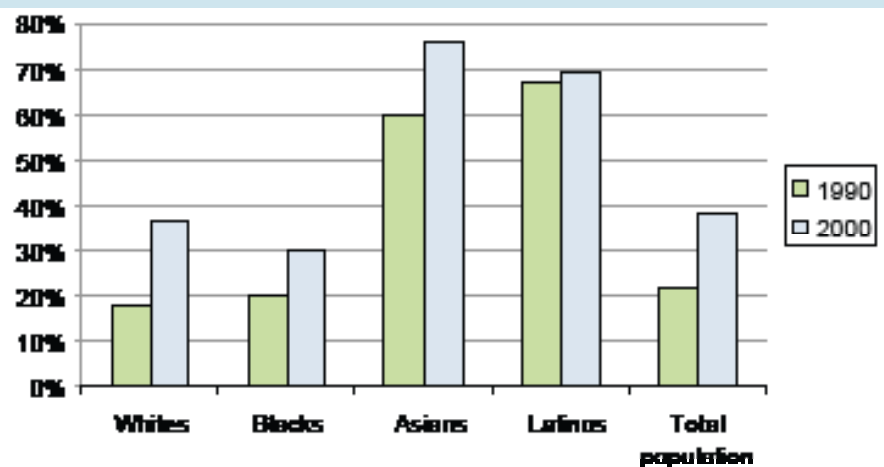
The connection between diversity and the arts still needs to be better understood. Diverse neighborhoods seem to have a level of energy and vitality that is conducive to creativity. Sometimes cultural expression is a product of cooperation—as communities seek to develop multi-cultural institutions that bridge community differences. Other times, the high levels of cultural engagement may be a product of competition, as each group within a neighborhood seeks to create its own cultural identity.

Whatever the cause, the culture-diversity connection is good news for the arts because America is experiencing an explosion in diversity. Fueled by the current wave of immigrants, our communities are more ethnically diverse than they have ever been. In Philadelphia, for example, the number of residents living in an ethnically diverse block group nearly doubled during the 1990s. Changes in the life-course—especially the delay of marriage—have increased the number of young adults living in non-family households. Where a generation ago only a handful of neighborhoods had a high concentration of non-family households, today they are a common sight. As diversity spreads, the number of neighborhoods that care about culture increases.



Urban neighborhoods often germinate clusters of nonprofit, commercial, and informal cultural assets linked by artists as producers and participants as consumers or practitioners. An ecosystem approach views these largely unplanned, grass-roots clusters as “natural” cultural districts through which social networks connect cultural assets in the neighborhoods to other community and regional players.

Percent of population living in ethnically diverse block groups, by ethnicity, Philadelphia 1990 and 2000



During the 1990s the proportion of Philadelphians living in an ethnically diverse block group nearly doubled. Source: US Census

MANY INDICATORS, SAME GEOGRAPHY

What do we mean by “cultural engagement”? SIAP has focused on four indicators of the intensity of the cultural scene in a neighborhood:

- cultural participants;
- nonprofit cultural providers, including unincorporated associations;
- commercial cultural firms; and
- independent artists.

SIAP has developed ways of measuring each of these indicators for every neighborhood in the Philadelphia metropolitan area. While there are differences in their patterns, there are striking similarities in their distribution. Taken together, we call these features an area’s *cultural assets*.

Some sections of metropolitan Philadelphia have significant concentrations of cultural assets. These neighborhoods tend to share three characteristics: diversity, income, and distance from Center City. These neighborhoods are the city’s *natural cultural districts*.

Many cities have sought to create cultural districts, directed primarily at attracting suburbanites, tourists, and conventioners. But most cities already have cultural districts, neighborhood-based cultural clusters that have emerged without planning or massive public investment. What is more—because they are complex ecosystems that combine artistic production and consumption and a mix of institutional forms, disciplines, and sizes—they have a degree of sustainability that a planned cultural district is unlikely to match.

Recognizing the importance of natural cultural districts to the metropolitan arts world turns our understanding of cultural planning and policy on its head. The goal of policy and planning should be to nurture grass-roots districts, remove impediments that prevent them from achieving their potential, and provide the resources they need to flourish. These *self-organized* districts are a gift to the city; we need policies to assure that the city take advantage of them.

A CONSISTENT LONG-TERM RELATIONSHIP TO REVITALIZATION

The presence of natural cultural districts is good news for those who care about the health of the

creative sector, but they hold dividends even for those who are not invested in the arts. By combining evidence on a neighborhood’s cultural assets with other types of neighborhood data, SIAP has discovered a strong and durable relationship between cultural engagement, poverty decline, and population growth in Philadelphia.

Keep in mind, Philadelphia is not a high-growth city. Between 1950 and 2000, the city lost 500,000 residents, a trend that has continued into the early 21st century. Poverty rose during the first five years of this decade. By 2005, Philadelphia’s poverty rate stood at 25 percent, significantly above the national average.

Given this background, the ability of culture to stimulate poverty decline and population growth should be big news to city leaders. During the 1980s, block groups with a high number of cultural assets were nearly four times more likely to see their population increase and their poverty rate decline as sections with fewer assets. Again, during the 1990s, the data showed a similar pattern.

If anything, the relationship between culture and revitalization appears to be stronger in recent years. According to data developed by The Reinvestment Fund, the Philadelphia housing market experienced a marked improvement between 2001 and 2003. Using a six-category scale, TRF estimated that 13 percent of block groups improved by more than two categories—for example, from being a *reclamation* block group in 2001 to a *transitional* block group in 2003. This improvement was not distributed evenly; many local housing markets remained flat over the two years. What explained which block groups improved and which did not? The level of cultural assets in a block group correlated very strongly with block group improvement. More than half of the block groups with the highest concentration of cultural assets—our “natural” cultural districts—improved by at least two market categories while less than two percent of the other block groups showed comparable improvement.

The evidence is strong. For the past quarter century, cultural assets and neighborhood revitalization have been linked to one another. What still needs to be explained is why the arts have such a powerful effect. We need to look beyond the “usual suspects”—the direct economic impact of the arts on urban economies. It is the “unusual suspects”—especially the impact of culture on the civic life of urban neighborhoods—that provides the most convincing answer to this puzzle.

IT'S NOT (JUST) THE ECONOMY, STUPID

A sizable body of empirical research has attempted to demonstrate the direct economic impact of the arts on the urban economy. Yet, in the end, this research has failed to explain how such a modest sector can have such a powerful effect.

The simplest way of calculating the economic impact of the arts is to tally each cultural organization's direct expenditures and then use a "multiplier" to measure its total impact. Yet, such a model is flawed in two ways. First, the formula generates a huge amount of double counting as one organization's direct impact gets counted as another organization's indirect impact. Second, this model ignores "substitution effects" associated with cultural expenditures. Virtually every dollar spent by local residents on culture is a dollar NOT spent on something else. By this definition, then, the only cultural spending that can have an economic impact is the result of *exporting* cultural products elsewhere or *importing* cultural audiences. The 99 percent of cultural activities that have no significant import-export element are simply irrelevant from a strict economic impact framework.

One purpose of the economic impact assessment has been to support public subsidies for urban mega-projects built around performing arts or cultural centers. These studies have often ignored the substitution effect problem, leading to inflated estimates of projects' probable impact. The real-world consequences of these flawed studies is a set of major projects that have required on-going subsidies but have failed to deliver the promised economic boost to cities or regions that might justify these subsidies. Indeed, the exceptional economic impact study that actually considers all of the potential costs and benefits of a proposed development often concludes that the mega-project is not justified on economic grounds.

The failure of economic impact of the arts analyses has led recent research to make more muted claims. The idea of a *creative economy* that spans nonprofit and for-profit firms and activities that range from the arts to architecture and design has generated studies that underline the overall importance of these activities to contemporary urban economies. These studies have added an understanding of the *social dimension* of *cultural production* to a straight economic analysis. In particular, they have pointed

Painted Bride Art Center



Philadelphia's Painted Bride Art Center, founded in 1969 as a South Street artists' cooperative, plays "matchmaker between contemporary artists and unique audiences." In 1981 the Bride purchased and moved to its permanent home in Old City at 230 Vine Street, a visual and performing arts center enveloped in a tile mosaic created by Isaiah Zagar.

to the importance of the clustering of creative industries, which facilitates the flow of ideas, personnel, and capital as spurs to innovation and efficiency. A recent report on "creative New York", for example, induced the city's commerce department to establish a desk on nonprofits.

Advocates have often failed to acknowledge the costs associated with investments in the creative economy. Two possible negative consequences of culture-based development are *gentrification* and the *expansion of economic inequality*.

Gentrification is popularly linked to the movement of artists into a previously unfashionable city district. Certainly, there are many cases—especially in "world cities" with red-hot real estate markets—where artists and creative enterprises were among the first entrants into a low-income district that resulted in widespread displacement. However, displacement can occur only when the conditions are "right". First, there are many constraining conditions—the general sluggishness of urban real estate markets, high levels of owner-occupied housing, a stock of vacant or underused industrial structures—that prevent an infusion of artists from

What is a “Natural” Cultural District?

SIAP defines a natural cultural district as a geographical area in which a variety of cultural assets are clustered. Natural cultural districts are important for two reasons. First, there is some evidence that this type of clustering has a positive impact on cultural production; artists and other cultural entrepreneurs interact, learn, compete, and test out their ideas on one another. Second, there is a strong body of evidence that links these concentrations of cultural activities with positive spill-over effects on the immediate community.

We identified cultural districts in metropolitan Philadelphia by using four data sources: SIAP’s regional inventory of nonprofit cultural resources, a database of commercial cultural firms in the metropolitan area, a listing of artists provided by the Pew Fellowships in the Arts; and SIAP’s small-area estimates of regional cultural participation based on data provided by over 75 cultural organizations. All four of these indicators were calculated for every census block group (approximately 6-8 city blocks) in metropolitan Philadelphia.

Our identification of natural cultural districts occurred in two steps. First, we used a data reduction technique—factor analysis—to create a single scale that captured the variation

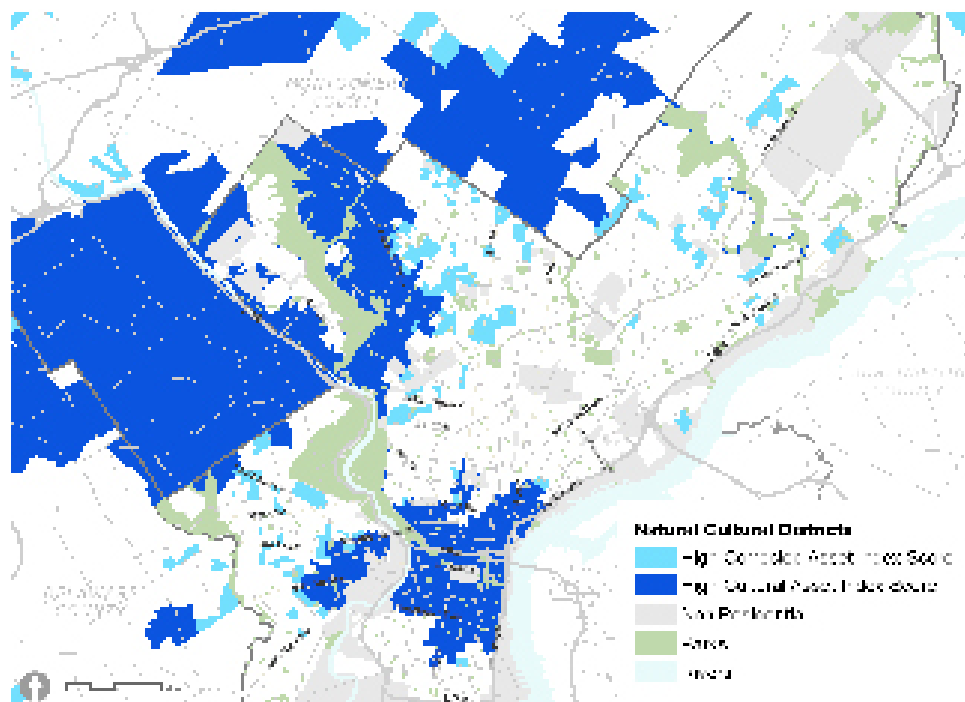
of all four of these indicators across the metropolitan area. The analysis determined that the four indicators had very similar patterns of variation (a single scale accounted for 81 percent of the variation). We refer to this as our cultural assets index. Parts of the region with the highest concentration of cultural assets were the first set of natural cultural districts.

The cultural assets index is limited, however, because it is strongly correlated with socio-economic status, diversity, and distance from Center City. As a result, lower-income neighborhoods farther from downtown were poorly represented on this scale.

The second stage of our analysis identified neighborhoods with a cultural assets index score higher than we would expect when we correct for these three variables. Essentially, these are districts that are “exceeding expectations” in their concentration of cultural assets.

Both the cultural assets index and the corrected index are correlated with the chances that a neighborhood would improve over time, although the main index has a stronger correlation. TRF and SIAP will be tracking these districts over time to examine their implications for neighborhood revitalization.

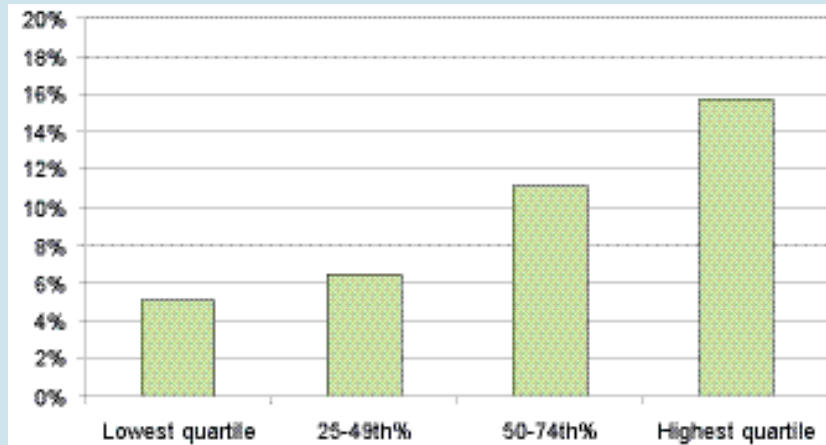
Cultural assets indexes, metropolitan Philadelphia



Using four indicators—non-profit cultural providers, commercial cultural firms, artists, and cultural participation—SIAP identified neighborhoods with a concentration of cultural assets. A second index—which corrected for the effects of income, diversity, and distance from Center City—identified lower-income neighborhoods with significantly more cultural assets than expected.

Source: SIAP cultural assets database.

Percent of block groups that revitalized by presence of nonprofit cultural providers, Philadelphia 1990-2000



Neighborhoods with many cultural providers within one-half mile were nearly four times as likely to see their population increase and poverty rate decline during the 1990s as those with few providers.

Source: US Census, SIAP cultural assets database

translating into displacement. Second, for gentrification to be more than a slogan, the pace of displacement has to be fast enough to destroy the social fabric of a neighborhood.

Clearly, there is no objective measure of when neighborhood improvement—or, in Jane Jacobs' striking phrase, "unslumming"—becomes gentrification. But if we see neighborhood revitalization as desirable, we cannot afford to label all population change as gentrification.

In Philadelphia—and here the City of Brotherly Love may be more the rule than the exception—the case for arts-based gentrification seems quite weak. The city's legendary slow real estate market has combined with high owner-occupancy rates to prevent even hot markets from turning over quickly. What we typically find are cultural districts, in which economic revitalization goes on for years or even decades, that prevent the social fabric of the neighborhood from disintegrating. Indeed, the most convincing cases for gentrification in Philadelphia have been stimulated not by artists but by city government or large nonprofits, like universities and hospitals, deciding to use their considerable economic and political resources to clear a neighborhood for a future use.

Although gentrification is more frequently noted, expansion of economic inequality is by far the most

common negative economic impact of culture-based strategies. This is especially true for those cities that have followed Richard Florida's advocacy of building a local "creative class". Florida argues that a cool urban scene—with a diverse mix of culture, recreation, and "plug and play" opportunities—is a key to attracting "creative people", the critical ingredient for a city's economic vitality.

Yet, this prescription for urban revitalization has a number of negative by-products. We know, for example, that artists are part of the "winner-take-all" economy—a few "winners" in dance, music, and the visual arts receive a disproportionate share of the benefits. This explains why artists have a much higher level of economic inequality than most professions. The proliferation of

the informal arts sector—although it generates many benefits—is one symptom of the expanding inequality within the creative sector.

From a slightly broader perspective, Florida's creative class works in sectors of the urban economy characterized by many high-skilled, high-wage jobs and many low-skilled, low-wage jobs with virtually no ladders connecting the two parts. As a result, the growth of the creative class is associated with the acceleration of trends toward economic inequality, a tendency belatedly recognized by Florida:

Rising inequality is driven by the dynamics of the emerging creative system and does not promise to be self-healing. On the contrary, these dynamics perversely threaten to make the situation worse.

Culture-based revitalization must hit a narrow target. It must stimulate economic vitality and promote opportunity without generating displacement or expanding inequality. Unfortunately, the most common forms of culture-based revitalization appear to create the worst of both worlds. If we are to believe the research, culture-based mega-projects only occasionally are economic successes; most require high, on-going subsidies and effectively feed contemporary cities' growth of economic inequality.

Natural Cultural Districts and Neighborhood Revitalization

SIAP defines a natural cultural district as a geographical area in which a variety of cultural assets are clustered. Natural cultural districts are important for two reasons. First, there is some evidence that this type of clustering has a positive impact on cultural production; artists and other cultural entrepreneurs interact, learn, compete, and test out their ideas on one another. Second, there is a strong body of evidence that links these concentrations of cultural activities with positive spill-over effects on the immediate community.

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To develop MVA, TRF uses a statistical technique known as cluster analysis. Cluster analysis helps uncover patterns in data by forming groups of areas that are similar along a set of selected values that describe those areas. While the clusters are formed to be as uniform as possible within, they are also as dissimilar as possible from one another. Using this technique, the MVA is able to reduce vast amounts of data on hundreds of thousands of properties and hundreds of areas down to a manageable, meaningful typology of market types. The core MVA includes six categories ranging from “regional

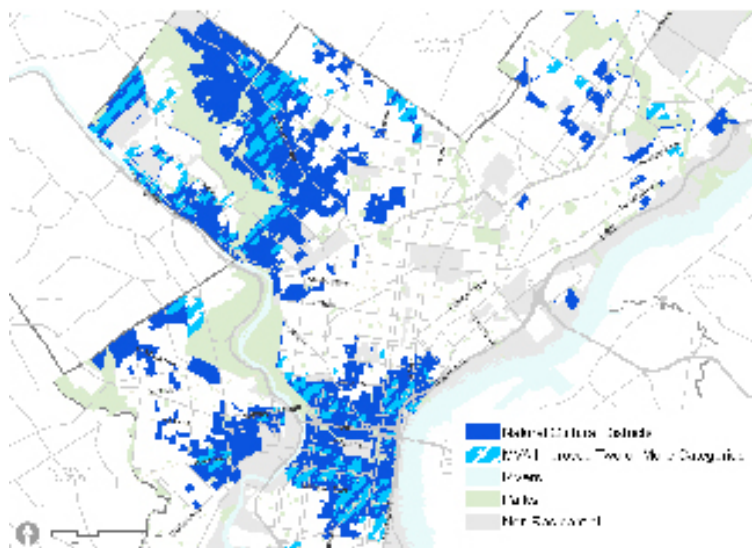
choice” neighborhoods that are among the region’s most desirable housing markets to “reclamation” neighborhoods that face sizable hurdles to revitalization.

TRF conducted market value analysis of Philadelphia in both 2001 and 2003. The analysis showed a rapid improvement in the city’s housing market over that two-year period. Nearly half of the block groups in the city improved during the two year period while 13 percent improved by more than two categories—for example, by moving from “reclamation” to “transitional” or “distressed” to “steady.” These are neighborhoods that enjoyed a significant turn-around in their market viability.

In order to test the role of cultural assets in neighborhood revitalization, we combined SIAP’s cultural assets index with TRF’s data on neighborhood change. The results were striking. Eighty-three percent (83%) of all block groups that improved by two or more MVA categories between 2001 and 2003 were natural cultural districts. Among block groups that were no better than “steady” in 2001, 60 percent of natural cultural districts saw their MVA score improve by at least two categories.

It will take further analysis to confirm a causal relationship between cultural assets and neighborhood revitalization. However, the strength of the correlation suggests that the connection is not accidental. The data strongly suggest that natural cultural districts build both collective efficacy within neighborhoods and bridges among different social classes and ethnic groups.

Housing market improvement, 2001-2003, and cultural assets



Eighty-three percent of all block groups that improved by two or more MVA categories between 2001 and 2003 were natural cultural districts.

Source: TRF market value analysis, SIAP cultural assets database

Cultivating natural cultural districts provides one avenue for using culture to revitalize cities without building higher walls between classes. These districts can stimulate the productivity of the creative sector by encouraging innovation and attracting investment.

Here, the experience of public authorities like Creative London is instructive. Creative London has pursued a mission of using culture to stimulate economic growth in the city while expanding social inclusion. As Ken Livingstone, London's mayor, has noted:

London's creative industries are clearly doing well and the future looks very promising. Research suggests that growth rates of 4.5 per cent are sustainable in the medium term, particularly in sectors like digital content, music, design and fashion. So, by the time the Olympics come to London in 2012, we could be talking about a £30bn plus business – a business that's bigger than the city's financial sector.

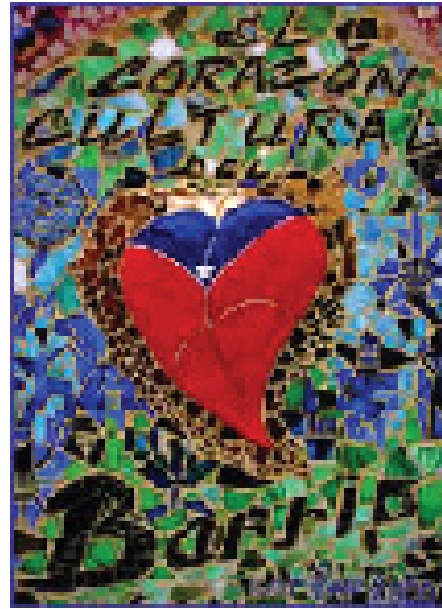
But besides the sums, the creative industries also provide ideal opportunities to achieve social inclusion in the capital – challenging existing economic and social barriers, promoting diverse workforces, engaging with disadvantaged communities and allowing individuals to use talent and innovation alone to shine.

The conflict between downtown and neighborhood development is a false choice. The link between business success and social inclusion is not simple philanthropy. Diversity breeds creativity. It is the success of the creative sector in crossing boundaries and overcoming historical patterns of social exclusion that provides its vitality. Inevitably, the search for economic success for the creative sector must pass through social engagement.

BUILDING COMMUNITIES, BUILDING BRIDGES

Their social impact on neighborhoods is the arts' critical link to economic revitalization. Empirical research suggests that culture—like other forms of civic engagement—strengthens relationships among local neighborhood members as well as their determination to be involved in community life. At the same time, because of the participation patterns it generates; culture, more than many activities, fosters connections across neighborhoods and social groups. This dual role—strengthening communities and building bridges between them—best explains culture's effectiveness.

Taller Puertorriqueno



Taller Puertorriqueno, a workshop and classroom that is “the cultural heart of the barrio,” also draws people from throughout the Philadelphia region to its gallery, bookstore, performances, symposia, and festivals.

“El Corazon Cultural del Barrio,” North 5th Street & Lehigh Avenue, North Philadelphia
Source: www.tallerpr.org

Norris Square Neighborhood Project



“Butterflies of the Caribbean,” West Susquehanna Avenue, North Philadelphia Source: <http://nsnp.com/batey.html>.

The Mural Arts Program with Norris Square Neighborhood Project, commissioned Cuban artist Salvador Gonzales to create a mosaic in El Batey garden, a colorful “place of retreat” for local residents.

Community-based programs, informal groups, and participatory practices are particularly generative with respect to community building and bridging. A study of the informal arts sector in Chicago concluded that:

Informal arts practice helps build individual and community assets by fostering social inclinations and skills critical to civic renewal, including tolerance, trust and consensus building; collaborative work habits; innovative problem-solving; and the capacity to imagine change and willingness to work for it.

Another Chicago study of small-budget arts organizations, using interviews and focus groups, found that these small groups “create new networks, supplement and improve upon existing networks, and assist in problem-solving efforts within urban residential neighborhoods.” Yet another Chicago study found a link between community participation and what it termed “collective efficacy”—that is, the belief among local residents that they can make a difference in their neighborhood and the willingness on their part to do so.

Yet, the impact of culture on strengthening ties within communities is usually complemented by its ability to overcome barriers of geography, social class, and ethnicity. A study of immigrant arts in California found that participatory cultural activities could achieve a bridging function by first creating bonds within each group. Using quantitative data in a Philadelphia study, SIAP discovered the behavioral foundation of the arts’ effectiveness at bridging social divides: 80 percent of community arts participants came from outside of the neighborhood in which the program was held.

This bridging function of cultural engagement is particularly important in explaining the art’s capacity to spur neighborhood revitalization. Natural cultural districts—even when they are found in relatively poor neighborhoods—attract a diverse set of participants. Cultural engagement makes urban places into destinations, putting them “on the map” for individuals and communities who otherwise might remain largely ignorant of their existence. These connections, once established, become conduits for other commercial and philanthropic resources.

Although we currently lack comparable data on other forms of community engagement, the evidence

suggests that cultural participation generates a unique set of social networks, building a sense of collective efficacy within neighborhoods and building diverse links across geography, ethnicity, and social class.

FROM ENGAGEMENT TO PROSPERITY

What lessons do natural cultural districts have for urban policy? Residents of all urban neighborhoods deserve cultural opportunities and access. In many parts of the city, expanding those opportunities will require long-term commitments on the part of government and philanthropy. Some neighborhoods simply do not have the social ingredients necessary to sustain a vibrant creative sector without long-term support. Others may be candidates for becoming natural cultural districts but will not change overnight.

One reason that it makes sense to begin with existing and emerging “natural” cultural districts is that they already have the basics in place. They generally have a diverse population that is already involved in creative activities, although not always in their immediate neighborhood. The presence of artists, nonprofit organizations, and commercial cultural firms provides a foundation on which to build.

Many poor urban neighborhoods have these ingredients but lack the consumer base to help them take off. SIAP’s study of a Germantown neighborhood in Philadelphia shows the challenges facing creative entrepreneurs to develop a market in a low-income neighborhood with a high-crime rate. Poor security, low street traffic, difficulty connecting with potential participants and customers in other parts of the city, and lack of business expertise—all prevent these entrepreneurs from transforming their “sweat equity” into solid enterprises.

Whether established or emerging, the core dilemma faced by natural cultural districts is what economists call *externalities*—the artists, nonprofits, and commercial cultural firms in these districts create a huge amount of social value but have no way of reaping their full reward from doing so. Clearly, the entire neighborhood benefits when an emerging cultural district sees its poverty rate decline and its population increase, but the artists and organizations that stimulated the revival glean only the most indirect benefit. By the same token, a developer who profits from an “unslummed” neighborhood may

never realize that the efforts of local residents to create a community arts scene laid the foundation for revival.

A similar type of market-failure affects the creative sector labor market. To begin, the “winner-take-all” nature of artistic labor markets tends to attract more entrants than are likely to succeed. At the same time, the creative class perspective places a disproportionate value on some workers over others, even though “success” in the art worlds is possible only through the coordinated efforts of a variety of workers—including artists, impresarios, technicians, trainers, dealers, and distributors. Because some occupations are valued more than others, technicians and other unglamorous creative and cultural workers do not receive rewards commensurate to their contribution. This leads to a misallocation of human resources as “too many” people enter artistic professions than can succeed while “too few” people enter arts production and technical occupations even though there are significant opportunities.

Indeed, although the informal arts sector is a source of energy and innovation, its expansion is also a symptom of market failure. While we may appreciate the role that street musicians play in animating urban spaces, it is doubtful that their donations at the end of the day are commensurate with the value they have created.

How can we address these examples of market-failure? A natural cultural district policy must begin with the commitment to “do no harm.” We must remember that these districts are generally self-organized. Ultimately, their success will stem from the commitment of those involved in creating them, not from some outside entity. Still, there are ways of supporting these grass-roots efforts.

First, there is a clear rationale for social investment. Given the significant positive externalities associated with these districts, investment strategies that are profit-seeking—not necessarily profit-maximizing—could pay huge dividends to both the investors and the general community. Smaller loans for pre-development and bridge financing, especially if linked to technical assistance, could increase the success rate of individual firms and districts in general.

Second, the public sector can contribute to the success of these districts by simply doing its job better. Providing security, clean and safe streets, usable public spaces, and consistent and honest

enforcement of zoning and development regulations would make the world much easier for those trying to cultivate natural cultural districts. Strategic grants for place-making activities—distinctive streetscapes, park facilities, local festivals—would also provide returns greater than their cost.

Third, we need to develop workforce policies that provide young people interested in the creative sector with the information and opportunities to make good decisions about entering the field. Whether that means integrating business courses into the curricula of creative arts high schools or developing apprenticeship programs for craft and technical occupations, improving the fit between creative sector opportunities and the interests of young residents of low-wealth communities is a critical strategy for improving the labor market and reducing the economic inequality currently associated with the arts. Although these policies are not place-specific, natural cultural districts could provide an excellent entry point for connecting with young adults as they make decisions about their future.

This is a strikingly modest agenda of concerted action. A natural cultural district, ultimately, can succeed only if its participants—artists, organizations, businesses, and residents—are willing to commit their resources. Investments, technical assistance, and public services can be important only at the margins.

Finally, we need better data and understanding of how natural cultural districts work. We need a means of tracking and monitoring both the direct economic flows associated with creative sector activity and the non-economic benefits that accrue from it. Although what we currently know provides a convincing case for action, we do not yet have the tools to evaluate which strategies for encouraging these districts are most effective, nor can we measure the indirect social benefits they generate.

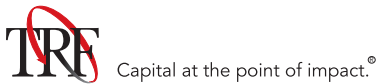
Cultivating natural cultural districts can be but one approach to a region’s community or economic development policy. However, because of their strategic importance to the overall health of the city and the region’s creative sector as well as their potential for generating social benefits beyond their purely commercial success, natural cultural districts are a strategy that deserves the attention of government, philanthropy, and the private sector.

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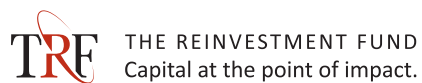


About SIAP

The Social Impact of the Arts Project (SIAP) is a policy research group at the University of Pennsylvania’s School of Social Policy & Practice. Since 1994 SIAP has conducted research on metropolitan Philadelphia to explore the structure of the creative sector, the dynamics of cultural participation, and the relationship of the arts to community well-being. SIAP leads the field in the development of empirical methods for studying links among cultural engagement, community-building, and neighborhood revitalization.

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